

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6316**

**BILL NUMBER:** HB 1089

**NOTE PREPARED:** Dec 28, 2004

**BILL AMENDED:**

**SUBJECT:** Medicaid Cash and Counseling Waiver.

**FIRST AUTHOR:** Rep. Frizzell

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning to apply for a Medicaid waiver that would allow certain Medicaid-eligible elderly and disabled persons to receive a cash allowance or have control of a specific budget so that they may purchase certain eligible services.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** This bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a Medicaid waiver. The bill may cost the state share of the number of waiver slots requested times the average cost of waiver services or it may have a neutral fiscal impact, depending upon administrative decisions regarding the total number of funded waiver slots OMPP is to operate.

*Background:* The bill requires OMPP to develop and submit a waiver application for a “cash and counseling Medicaid demonstration and evaluation waiver. Eligible individuals for a “cash and counseling waiver program would be expected to be mainly interested in the provision of attendant care services, which are only provided under the home- and community-based care (HCB) waivers in the Indiana Medicaid Program.

There are three possible cost scenarios depending on administrative decisions for implementation: (1) If an individual client who is receiving waiver services mainly for attendant care moves to a new “cash and counseling waiver slot and the existing HCB waiver slot is frozen and remains unfilled, the fiscal impact of the new “cash and counseling waiver should be neutral; (2) If an individual client who is receiving waiver services mainly for attendant care, moves to a new “cash and counseling waiver slot and the existing HCB waiver slot is refilled, the fiscal impact of the new waiver would be estimated to be the average cost of the

“cash and counseling waiver slot; and (3) If a client moves to the new waiver from a waiting list filling a totally new waiver slot with no other slots being reduced, the fiscal impact would be estimated to be the average cost of the “cash and counseling waiver.

Under “cash and counseling waivers, beneficiaries receive a cash allowance or the control of a predetermined budget to hire helpers directly instead of relying on services provided by agency employees. The amount of the cash they receive from Medicaid is equivalent to the dollar value of the services they would receive if they continued to receive agency-directed services. Waiver clients, or another party qualified to direct the provision of services if the client is unable, may hire family members, friends, and neighbors whom they trust rather than allowing strangers into their homes to assist with personal care tasks. This often allows clients to schedule assistance when they most need it, including evenings, nights, and weekends. The option allows clients to choose the combination of goods and services that best suits their needs. This bill would also allow OMPP to include case management services as a “cash and counseling waiver service to assist clients with needs assessments and budgets. This bill would add an additional waiver program targeted towards individuals that mostly require personal attendant care services rather than the wider range of services available under the home- and community-based care waivers. These individuals may already be receiving services under an HCB waiver.

The Division of Disability, Aging, and Rehabilitative Services (DDARS) reports that self-directed attendant care, which is similar to the concept of the “cash and counseling waiver, is now an available option in all the waivers that include attendant care. DDARS has reported that implementation of this alternative is in process.

The waiver application process is not without opportunity costs. Waiver applications are generally developed and submitted by the existing staff in OMPP. Applications must be developed and adequately justified. If the Centers for Medicare and Medicaid Services have questions or request additional information, staff must be available to respond within specified time lines or the request is considered expired. If the waivers are subsequently approved, OMPP must implement the services and fulfill the waiver reporting requirements, including the critical fiscal neutrality reports. OMPP is now operating eight waivers.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is generally shared 50/50.

**Explanation of State Revenues:** See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration (OMPP and DDARS).

**Local Agencies Affected:** Area Agencies on Aging.

**Information Sources:** “Adults with Severe Disabilities, Federal and State Approaches for Personal Care and Other Services, United States General Accounting Office, May 1999; Angela Hoover, Legislative Liaison for the Family and Social Services Administration, 317-233-0890.

**Fiscal Analyst:** Kathy Norris, 317-234-1360.